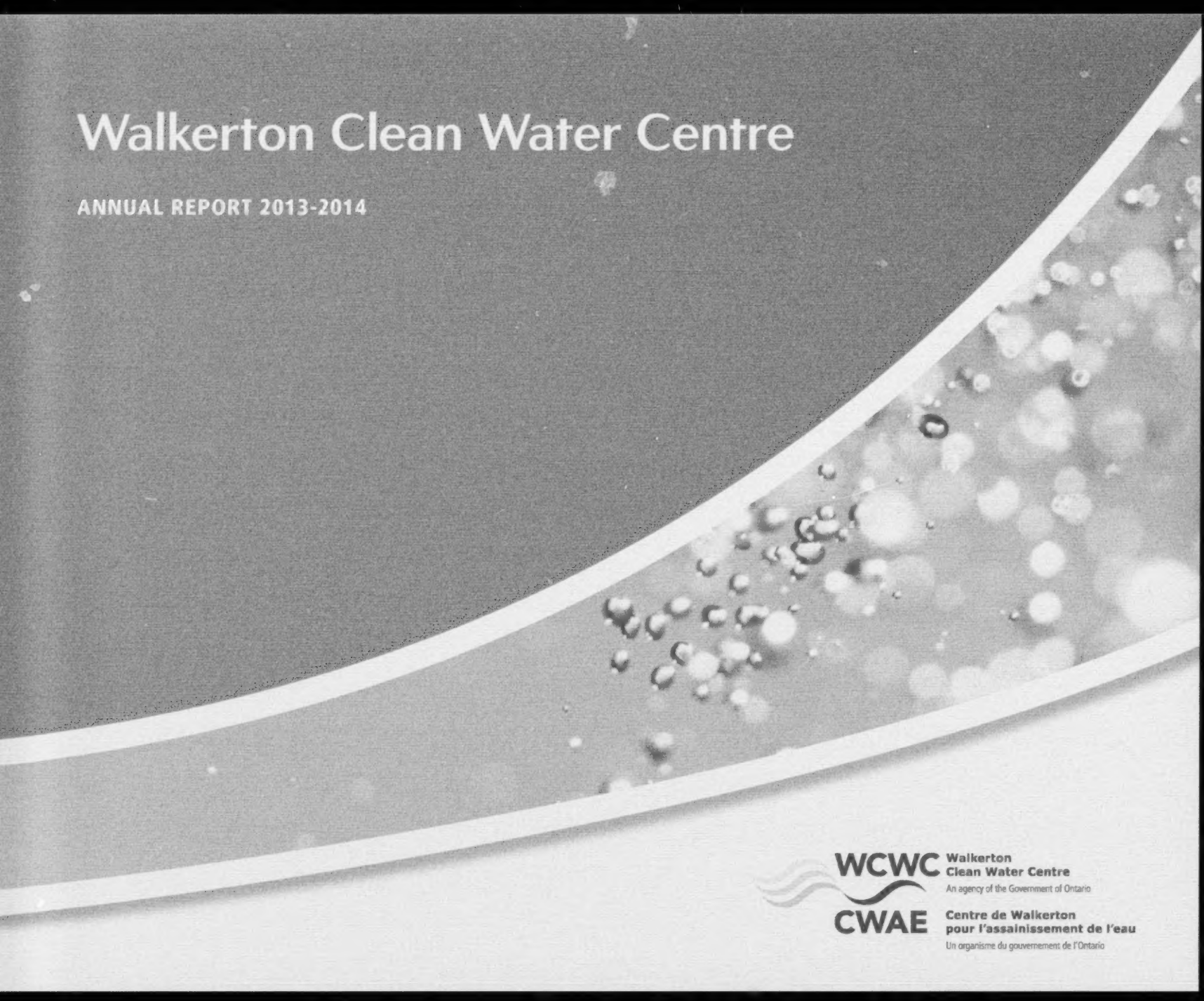
Walkerton Clean Water Centre

ANNUAL REPORT 2013-2014



WCWC Walkerton Clean Water Centre
An agency of the Government of Ontario

CWAE Centre de Walkerton pour l'assainissement de l'eau
Un organisme du gouvernement de l'Ontario

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MESSAGE FROM THE CHAIR AND THE ACTING CEO

During the past year, the Walkerton Clean Water Centre (the Centre) has continued to deliver on its mandate and build on its programs to support owners, operators and operating authorities of drinking water systems across Ontario.

The Centre is committed to continual improvement and has made significant progress on its goals. The Centre administered and delivered the Ministry of the Environment's mandatory courses in a high-quality manner and provided a comprehensive range of training provincewide, including 23 hands-on courses and regional Maintenancefest events. Since the inception of the Centre, training has been delivered to more than 48,000 participants.

Small systems continue to be an important focus for the Centre. During 2013–14, the Centre presented two Small Systems Workshops in cooperation with the Ontario Water Works Association. These workshops provided information and hands-on training specifically addressing the unique requirements and challenges for small drinking water systems' owners, operators and operating authorities. In addition, the Mobile Training Unit continued to deliver training in small and remote communities in Northern Ontario.

The Centre delivered the course, Standard of Care — Safe Drinking Water Act, to municipal officials, councillors and decision-makers. This course enabled 170 participants to better understand and act on their obligations under the Safe Drinking Water Act, 2002.

The Technology Demonstration Facility provided owners, operators, operating authorities and the public with opportunities for education and associated hands-on training. For example, 82 postsecondary students participated in a unique hands-on training program at the Technology Demonstration Facility. The Centre also supported a select number of operational research projects directly related to its mandate and produced 11 research publications to share information about the treatment, equipment and operational requirements necessary to ensure that drinking water continues to be of the highest quality. This research also assisted in updating courses to maximize their relevancy.

We would like to take this opportunity to acknowledge those that have made this year's accomplishments possible: the Ministry of the Environment for their support; the board of directors for their guidance; and the Centre's staff for their dedication to another successful year.

John Stager,
Chair, Board of Directors

Dr. Souleymane Ndiongue,
Acting Chief Executive Officer

MISSION AND MANDATE

Mission

We safeguard drinking water for the people of Ontario as the leading centre for high-quality training, applied research and technology demonstration.

Mandate

The mandate of the Walkerton Clean Water Centre is:

- To deliver drinking water education and training for owners, operators and operating authorities of drinking water systems.
- In collaboration with other training organizations, to coordinate the accessibility and availability of education and training for owners, operators and operating authorities of drinking water systems.
- To provide support to owners, operators and operating authorities with a primary focus on small, remote and older systems by providing information and advice about those topics outlined in subsection 3(2) Ontario Regulation 304/04 made under the Development Corporations Act.
- As part of education and training, to demonstrate leading-edge drinking water treatment technology to owners, operators and operating authorities.
- To assess research gaps and needs to achieve and maintain safe drinking water, advise the Ministry of the Environment (the Ministry) on research priorities and to respond to the resulting direction from the Minister of the Environment (Minister). The Centre can sponsor high-priority drinking water research that contributes directly to the Centre's objects as set out in Ontario Regulation 304/04 made under the Development Corporations Act.

30 PARTICIPANTS IN SMALL AND REMOTE COMMUNITIES IN NORTHERN ONTARIO RECEIVED TRAINING THROUGH THE MOBILE TRAINING UNIT

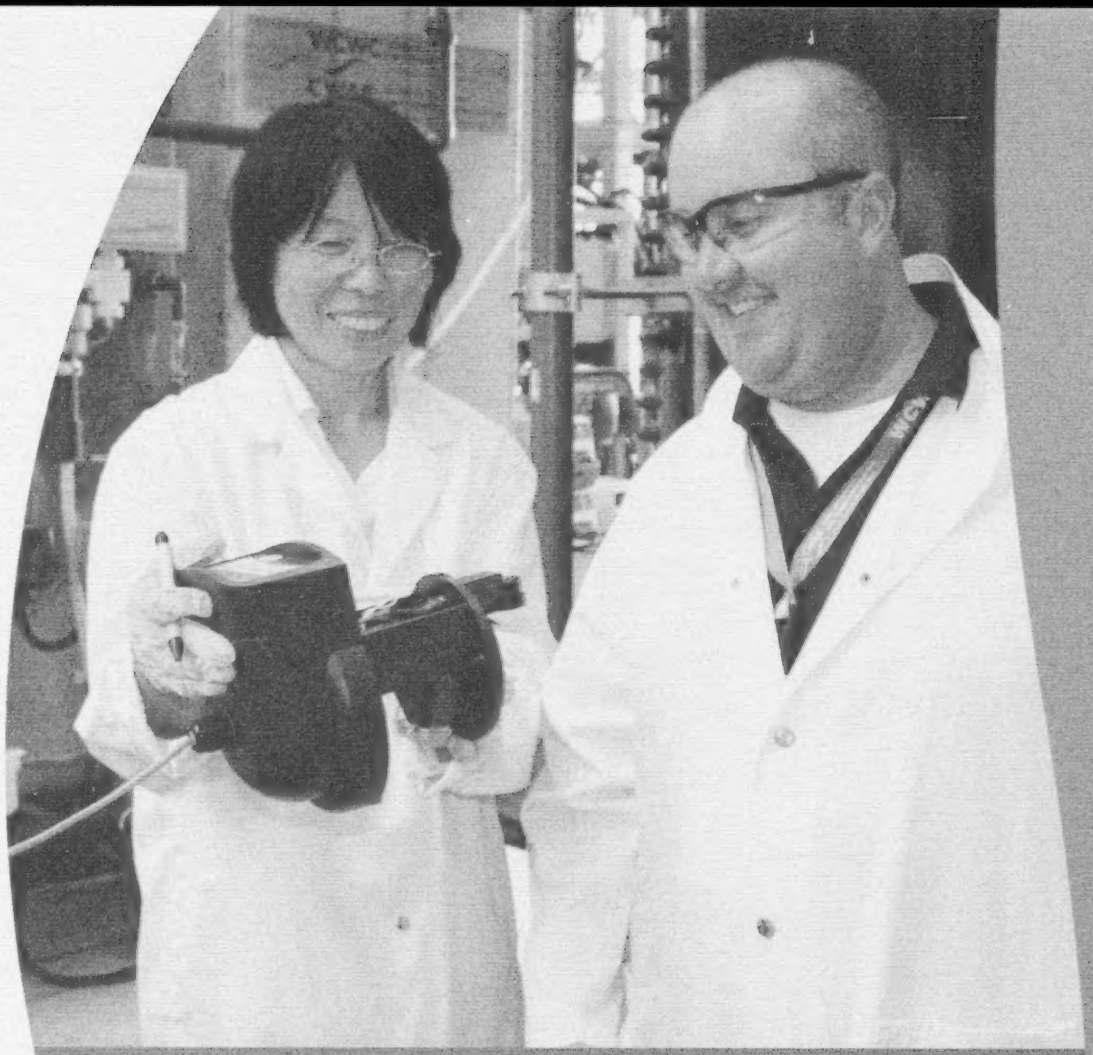
- To provide, both directly and through alliances with other organizations and in coordination with the Ministry, public outreach and education related to the Centre's mandate.
- To make technical, scientific and regulatory information related to drinking water more readily available including information about the statutory standard of care requirement in section 19 of the Safe Drinking Water Act, 2002.
- To provide other services as described in any policy direction issued by, or set out in any agreement with the Minister, that helps to safeguard drinking water.

Within this mandate, the Centre places particular emphasis on addressing three critical gaps in training identified in the Report of the Walkerton Inquiry, namely:

i) accessibility of training for operators in small and remote communities

ii) availability of required training

iii) training for First Nations operators



Participants work on an exercise during the Maintaining and Calibrating Common Lab and Online Equipment module at the third annual Maintenancefest at the Centre.

CORPORATE PROFILE

The Centre, an operational service agency of the Government of Ontario, was established in October 2004 as part of the province's response to the Walkerton Inquiry Report. A board of directors of up to 12 members governs the Centre. The Centre conducts training, research and technology demonstration primarily out of its permanent facility, certified Gold under the Leadership in Energy and Environmental Design designation.

The Centre provides training for drinking water operators across Ontario, with a focus on smaller and remote systems, including those serving First Nations. The Centre's Technology Demonstration Facility, with its leading-edge drinking water technologies, is a platform for hands-on training and research on cost-effective solutions for small drinking water systems. The Centre is also responsible for delivering education, information and advice on water treatment, equipment, technology and operational requirements, and environmental issues related to drinking water. The Centre supports the drinking water related goals and priorities of the Government of Ontario.

Located in the Town of Walkerton, in the Municipality of Brockton, the Centre has a local, provincial, national and international profile. It offers services throughout the province and serves as a model for the development of similar facilities worldwide.

94 PER CENT

OF SURVEY RESPONDENTS RATED THE CENTRE AS SATISFACTORY, GOOD OR EXCELLENT AT MEETING THEIR TRAINING NEEDS

Representatives from Confederation College Professor Gordon Van Fleet; President Jim Madder; Janet Arinobu, Manager of Quality Assurance, Regional Workforce Development; and Don Bernosky, Vice President, Regional Workforce Development sign an agreement to manage and operate the Centre's Mobile Training Unit in Northern Ontario.

A participant works on a hands-on training module at the regional Maintenancefest event held in Kingston.

CORPORATE GOVERNANCE

On the recommendation of the Minister, the Lieutenant Governor in Council appoints the Chair and members of the Centre's board of directors. Under the leadership of the Chair, the board of directors is responsible for overseeing the management of the Centre's activities.

The Centre is governed by Ontario Regulation 304/04 made under the Development Corporations Act, the Centre's bylaw, and a memorandum of understanding with the Minister.

Accountability

The Centre is committed to public transparency and accountability. It is accountable to the people of Ontario. The Centre is required to comply with relevant Government of Ontario policies, directives and guidelines, such as the Agency Establishment and Accountability Directive, the Procurement Directive and the Travel, Meal and Hospitality Expenses Directive, to meet expectations regarding its operations.

In accordance with the requirements of Ontario Regulation 304/04, the Centre must submit an annual report for each fiscal year. This 2013–14 annual report includes the Centre's audited financial statements and is part of the accountability structure for the Centre. It is submitted to the Minister, who tables it in the Ontario legislature at which time the report is made available to the public on the Centre's website, **wcwc.ca**.

The board of directors is responsible for ensuring there is an annual external audit of the Centre's operations and financial transactions as required by both Ontario Regulation 304/04 and the memorandum of understanding. This annual audit is subject to review by the Auditor General of Ontario. In addition, the Centre's operations are reviewed by the Ministry at least once every three years and the Minister may request an audit at any time.

The Agency Establishment and Accountability Directive also requires that the Centre prepare a rolling business plan each year, covering at least three years of operations. The board of directors oversees and directs the development and implementation of business plans, including the review of risks, performance measures and outcomes, in consultation with the Ministry. As the business plan contains strategic information, it is not shared publicly.

In addition to the annual reports and business plans, the Centre is responsible for developing and implementing policies and procedures to ensure the transparency and accountability of its operations.

BOARD OF DIRECTORS, 2013–14

The Lieutenant Governor in Council, on the advice of the Minister, appoints the Centre's board of directors. Members hold office for terms of up to two years and are eligible for reappointment for successive terms. The board of directors is accountable to the Ontario legislature through the Minister and is responsible for the overall supervision of the operations of the Centre. The board of directors meets regularly.

John Stager, Chair

Member since: December 17, 2013
Current term: December 17, 2013–December 16, 2015

Mr. Stager has more than 30 years of environmental management and organizational transformation experience. From 2008 to 2012 he was the Chief Drinking Water Inspector for the province of Ontario, as well as the Assistant Deputy Minister for the Drinking Water Management Division within the Ministry of the Environment. Prior to holding that position, Mr. Stager was the Assistant Deputy Minister Lead for the Inspections, Investigations and Enforcement modernization initiative from 2004 until 2008. In this capacity, he led a series of modernization initiatives across Ontario's 13 regulatory compliance ministries.

In 2000, Mr. Stager represented the Ontario government in Walkerton, providing cross-ministry support to individuals, families and businesses following the E-coli outbreak.

Mr. Stager holds a B.Sc. from Acadia University and is a graduate of Western's Ivey Executive Program and Harvard's Executive Program on Strategic Management of Regulatory and Enforcement Agencies. In 2008 Mr. Stager was the recipient of an Ontario government Amethyst Award for innovative leadership.

Nancy Kodousek, P.Eng., Vice-Chair

Director of Water Services, Region of Waterloo
Member since: October 12, 2004
Current term: August 29, 2012–August 28, 2014

Ms. Kodousek has more than 29 years of senior management experience with both municipal and private sector water and wastewater systems. Prior to her current position as Director of Water Services at the Region of Waterloo, Ms. Kodousek held similar management-level positions at AWS Engineers & Planners (formerly Azurix) and the Region of Ottawa-Carleton.

Ms. Kodousek is a member of Professional Engineers Ontario, the Ontario Society of Professional Engineers, the American Water Works Association, and the Ontario Water Works Association. Ms. Kodousek participates and volunteers on a number of committees including the Canadian Water and Wastewater Association and the Canadian Water Network Canadian Municipal Water Consortium. Ms. Kodousek also holds certification as a level IV operator in water treatment, water distribution, wastewater collection and wastewater treatment.

Cathie Brown

Senior Advisor, Association of Municipalities of Ontario
Member since: October 12, 2004
Current term: August 20, 2013–August 19, 2015

Ms. Brown is a Senior Advisor at the Association of Municipalities of Ontario. Prior to this, Ms. Brown was the Source Water Protection Project Manager for the Ausable Bayfield and Maitland Valley Source Protection Region.

Ms. Brown also lectures on rural health at the University of Western Ontario in the Faculty of Health Sciences.

Lou Anthony D'Alessandro

Public Health Inspector, North Bay Parry Sound District Health Unit, Environmental Health Division
Member since: October 12, 2004
Current term: August 20, 2013–August 19, 2015

Mr. D'Alessandro is a certified public health inspector and has been involved with public health for more than 25 years. He is currently employed by the North Bay Parry Sound District Health Unit as a Public Health Inspector in the Environmental Health Division. Mr. D'Alessandro holds certification as a water quality analyst (class 1), onsite sewage system inspector (part 8 septic systems under the Ontario Building Code) and small water systems operator. Mr. D'Alessandro has managed several programs under the Health Protection and Promotion Act.

11 RESEARCH PAPERS,

REPORTS AND PRESENTATIONS

WERE PUBLISHED

Participants at the Small Systems Workshop complete an exercise in the Technology Demonstration Facility.

Rui De Carvalho, M.Eng., P.Eng.

Senior Vice-President, R.J. Burnside & Associates Limited

Member since: October 12, 2004
Chair: September 8, 2009–September 7, 2012
Current term: September 12, 2012–September 11, 2014

Mr. De Carvalho has more than 36 years of experience as a consulting engineer in the water supply sector, both in Canada and internationally. In addition to various roles on municipal water supply projects, his experience also includes more than 20 years in the planning, design and implementation of water supply and infrastructure servicing in First Nations communities in Ontario and Labrador. Mr. De Carvalho has, over the past seven years, acted as the Project Director for Burnside on a series of major projects related to the reconstruction and management of the urban water supply infrastructure in Mozambique.

Mr. De Carvalho is a designated consultant by Professional Engineers Ontario, an environmental engineer certified by the American Academy of Environmental Engineers and a member of the American Water Works Association, the Ontario Water Works Association, the Water Environment Federation and the Canadian Society for Civil Engineering.

Wayne Manley

Consultant
Member since: October 12, 2004
Current term: August 20, 2013–August 19, 2015

Mr. Manley has been involved in drinking water operator certification and training since the early 1980s. Over the past 20 years, Mr. Manley has delivered training to drinking water operators, including First Nations systems' operators, across Ontario.

Mr. Manley has more than 30 years of experience in municipal drinking water treatment. He was previously the Superintendent of the City of Peterborough's water treatment plant.

Mr. Manley is a member of the American Water Works Association.

Delbert (Deb) Shewfelt

Mayor, Town of Goderich
Member since: April 10, 2013
Current term: April 10, 2013–April 9, 2015

Mayor Shewfelt has served on Goderich Town Council as Councillor, Reeve and Mayor for more than 28 years, 22 of those years as Mayor.

Mayor Shewfelt also served as a Huron County Councillor for four years in the 1970s and from 2000 to present, and is a Past Warden of Huron County (2008). Prior to his current position, Mayor Shewfelt worked as a real estate broker and land developer.

Mayor Shewfelt is a member of several boards and committees, including the Mayor's Committee of the Lake Huron Southeast Shores Initiative, Great Lakes and St. Lawrence Cities Initiative, Maitland Valley Conservation Authority (Chair) and the Joint Management Committee of the Ausable Bayfield Maitland Valley Source Protection Region.

Mayor Shewfelt served on the Advisory Panel of the Ontario Drinking Water Standard of Care Committee and is a Past Chair of the Ontario Municipal Water Association.

Stephen Spitzig, CPA, CMA

Chartered Professional Accountant, Certified Management Accountant
Member since: October 12, 2004
Current term: August 29, 2012–August 28, 2014

Mr. Spitzig is the owner of Speedy Tax & Bookkeeping, a local accounting firm that specializes in bookkeeping, payroll, and corporate and personal income tax returns for many small to medium-sized businesses and farms in the Walkerton area. Mr. Spitzig has 29 years of accounting experience and received his Chartered Professional Accountant designation in 2014.

He received his Certified Management Accountant designation from the Society of Management Accountants of Ontario in 1999. Mr. Spitzig also has an Honours Bachelor of Business Administration degree from Wilfrid Laurier University.

Born and raised in the town of Chepstow, Ontario, Mr. Spitzig has strong ties to the Walkerton area.

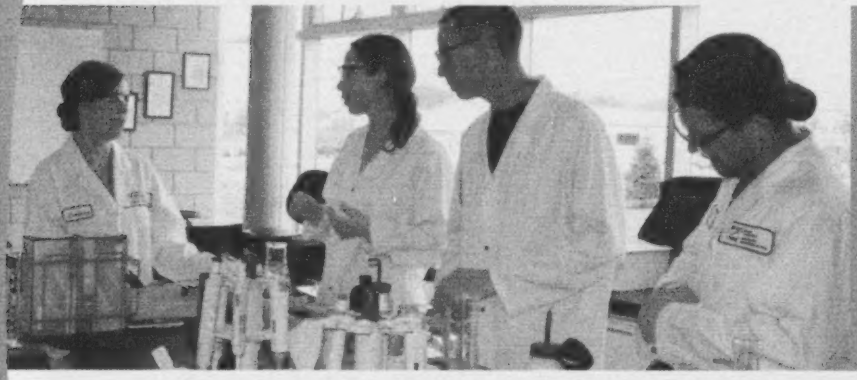
Susan Todd

Dean, School of Science and Engineering Technology, Durham College
Member Since: September 15, 2010
Current term: October 31, 2012–October 30, 2014

Ms. Todd has been involved in postsecondary education for 20 years and is currently Dean of the School of Science and Engineering Technology at Durham College in Oshawa, Ontario. Ms. Todd works with program advisory members, industrial partners, faculty, and students to ensure that the college's programs are current and innovative.

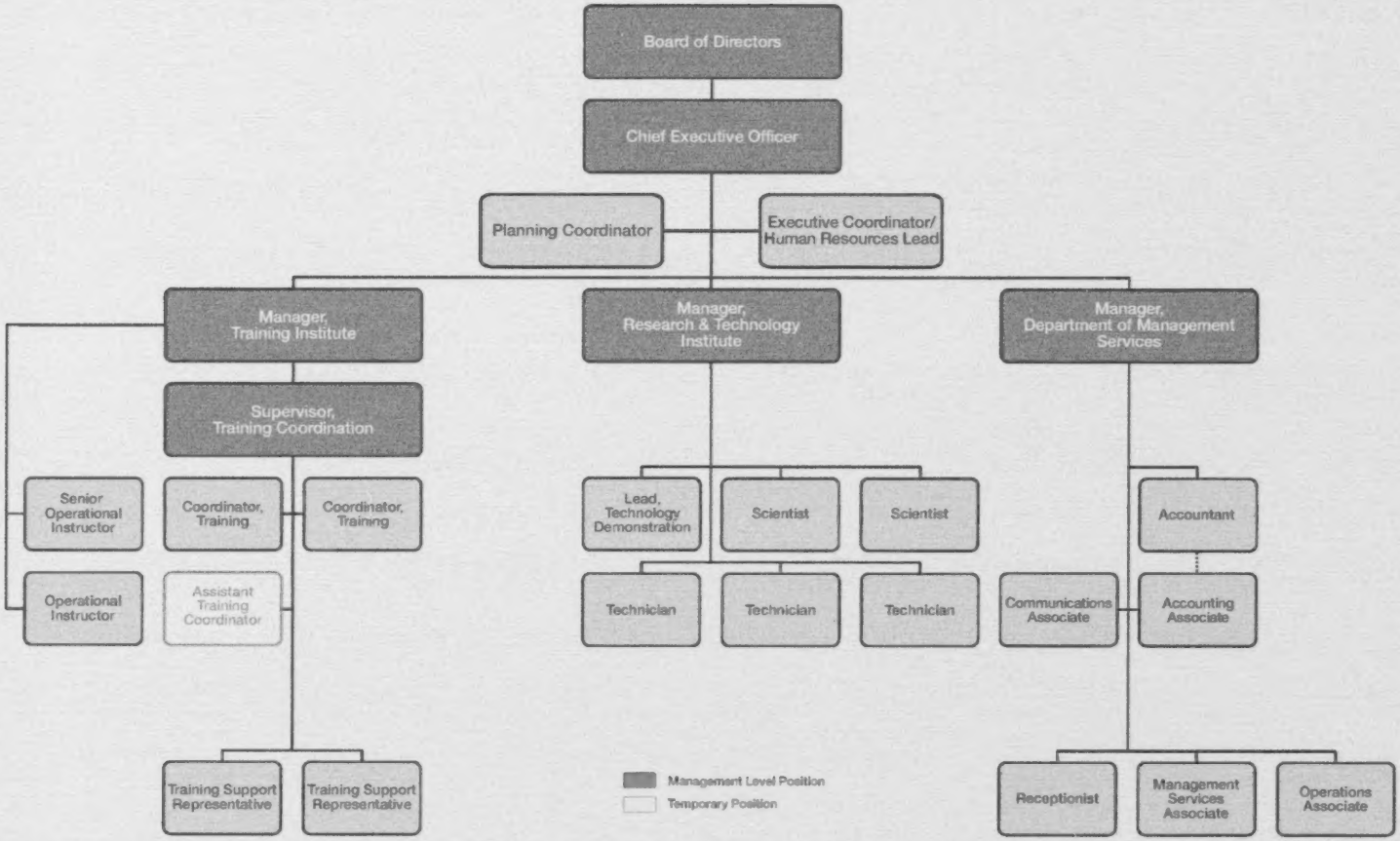
Prior to her role as Dean, Ms. Todd taught courses in chemistry, biology and mathematics at the postsecondary level and developed eight new programs for Durham College, including the Water Quality Technician program.

Ms. Todd has past experience with both private industry and the federal government.



Lindsay Ariss, Technician, works with participants in the laboratory during the Entry-Level Drinking Water Operator course.

ORGANIZATIONAL CHART



As of December 10, 2013

GOALS AND STRATEGIC DIRECTIONS

The Centre's business plan outlines its direction for the future, making the best use of resources to deliver on its goals. This annual report describes the Centre's progress toward reaching these goals, including:

1. Meeting the needs of water professionals by delivering a comprehensive range of the highest quality training across the province.

2. Leading Ontario in the demonstration of conventional and advanced drinking water technologies and using that capability as a platform for hands-on training.

3. Becoming a leader in providing information and transferring knowledge on cost-effective solutions for small drinking water systems. Assessing research gaps and needs, advising the Ministry on research priorities, and responding to the resulting direction from the Minister. Sponsoring research into any activities related to the Centre's objects.

4. Managing the Centre's internal administrative and communications functions.

SUMMARY OF PERFORMANCE FOR 2013–14 ACTIVITIES

Initiative	Description	Performance Indicator	Status	Comments
Training	Meet the needs of water professionals by delivering a comprehensive range of the highest quality training across the province.	**Increase in number of people trained** Increase the number of people trained by five per cent.	Not achieved	Approximately 27 per cent decrease in the number of people trained during 2013–14. The Centre set a high target for the number of people trained but was unable to meet it for a number of reasons. The Centre is continuing to investigate the decrease in the number of training participants, but is optimistic that new courses, customized training plans for municipalities and a new program in advanced topics will help increase registrations in 2014–15. Training materials for the course, Standard of Care — Safe Drinking Water Act, are also being revised in time for the municipal elections in fall 2014. Interest from newly elected municipal officials may increase demand for this course. The Centre's current business plan has set a more moderate target to train 7,500 participants during 2014–15.
		Evaluation of training quality Maintain a quality assurance index of >0.85. The quality assurance index is an evaluation of training quality.	Achieved	The quality assurance index for 2013–14 was 0.922. The maximum score is 1.0.
		Number of hands-on courses Offer 23 hands-on courses.	Achieved	The Centre offered 23 hands-on courses and 28 two-hour Maintenancefest training modules during 2013–14.
Technology Demonstration	Lead Ontario in the demonstration of conventional and advanced drinking water technologies and use that capability as a platform for hands-on training.	**Number of hands-on training days** Deliver 49 hands-on training days. One training day is seven hours.	Achieved	The Centre delivered 50.13 hands-on training days during 2013–14, an increase of approximately two per cent over 2012–13.
Research	Become a leader in providing information and transferring knowledge on cost-effective solutions for small drinking water systems. Assess research gaps and needs, advise the Ministry on research priorities, and respond to the resulting direction from the Minister. Sponsor research into any activities related to the Centre's objects.	**Number of publications** Publish eight Centre-supported research projects, which include internal research reports, refereed publications and external presentations by Centre staff.	Achieved	The Centre produced 11 research publications during 2013–14.
Management Services	Manage the Centre's internal administrative and communications functions.	**Third-party audit and operational review** Achieve positive third-party audit and operational review.	Achieved	No significant weaknesses were identified by the third-party audit of the Centre's accounts and financial transactions or the operational review.

GOAL 1

Meet the needs of water professionals by delivering a comprehensive range of the highest quality training across the province.

The Objective

Develop and deliver mandatory and WCWC courses, increasing the number of registered participants by five per cent.

The Outcome

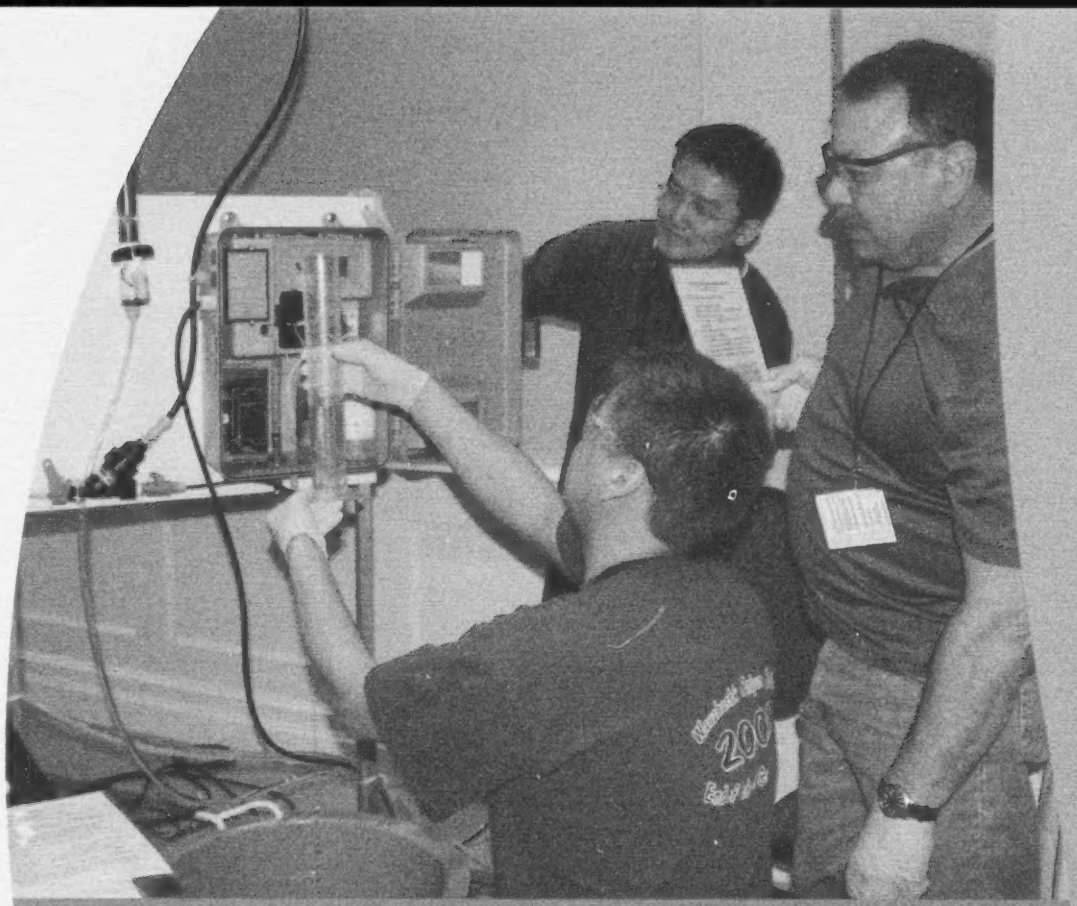
The Centre continues to meet the training needs of drinking water systems' owners, operators and operating authorities across Ontario. During 2013–14, the Centre developed two surveys to measure its effectiveness in meeting the drinking water training needs of the province. The Centre sent the first survey to all municipalities in Ontario that operate drinking water treatment and/or distribution systems for which contact information was available. The Ontario Municipal Water Association distributed the second survey to all of its members. Ninety-four per cent of respondents provided a rating of "satisfactory", "good" or "excellent" when asked how they would rate the Centre at meeting their training needs.

Training Statistics

Since its inception, the Centre has provided training to 48,585 participants. The total number of training participants was 5,488 in 2013–14, a decrease from the 7,519 trained during 2012–13. The table on page 21 illustrates the number of participants in all of the Centre's training initiatives.

The Centre set a high target for the number of people trained but was unable to meet it for a number of reasons. Demand for the course, Standard of Care — Safe Drinking Water Act, decreased after Section 19 of the Safe Drinking Water Act, 2002, came into effect on December 31, 2012. In addition, the number of participants in the Centre's deliveries of Entry-Level Drinking Water Operator decreased because more postsecondary students are receiving this training through the Ontario colleges that provide this course as part of their curriculum. This is expected to continue to affect the Centre going forward. Finally, fewer participants than anticipated registered for the course, Treating and Distributing Safe Drinking Water. The Centre has identified that registrations for this mandatory certificate renewal course are cyclical because a new course is released every three years. Registrations are highest during the first full year of course offerings (2012–13) and decrease in years two and three.

The Centre is continuing to investigate the decrease in the number of training participants, but is optimistic that new courses, customized training plans for municipalities and a new program in advanced topics will help increase registrations in 2014–15. Training materials for the course, Standard of Care — Safe Drinking Water Act, are also being revised in time for the municipal elections in fall 2014. Interest from newly elected municipal officials may increase demand for this course. The Centre's current business plan has set a more moderate target to train 7,500 participants during 2014–15.



Participants at the regional Maintenancefest event, held in conjunction with the 19th Aboriginal Water and Wastewater Association of Ontario Annual General Assembly & Training Conference, work with Scientist Xiaohui Jin on a hands-on training module.

Quality Assurance Index

The Centre is committed to excellence and continuous improvement of its training. The Centre maintains a quality assurance index to measure the satisfaction of training participants and the effectiveness of training. The quality assurance index for 2013–14 was 0.922 out of a possible 1.0. For all courses combined, 92.2 per cent of survey respondents provided an overall course rating of Good or Excellent. The following measurements contribute to the quality assurance index:

- Participant evaluations consisting of ratings for instructor, course content and overall course.
- Post-training participant evaluations that include questions similar to those on the initial participant evaluation forms.
- Course audits conducted by Centre staff to provide additional information on course content and instructors.

A number of factors contribute to the high-quality training that the Centre provides, including the instructors. Centre instructors are required to pass a two-day train-the-trainer workshop that includes a practical evaluation of their ability to deliver training. To ensure the needs of drinking water operators are met, the Centre develops new courses based on input received from consultation with target audiences, review of industry standards, and recommendations from the Centre's Training Advisory Committee. The Training Advisory Committee acts as a driver for continual improvement of the training program by reviewing the annual training plan and providing recommendations on how the Centre can best meet the training needs of Ontario's drinking water sector. The committee is made up of Centre staff and a broad cross-section of water sector specialists who participate voluntarily.

92 PER CENT OF SURVEY RESPONDENTS RATED THEIR TRAINING AS GOOD OR EXCELLENT

Hands-on Training

During 2013–14, the Centre met the target with 23 hands-on courses, as well as 28 two-hour Maintenancefest training modules. Hands-on training is popular with participants, and because of its interactive nature, may be more effective than training delivered through lecture format.

Mandatory Training

The Centre administers and delivers the Ministry's three mandatory courses: Entry-Level Drinking Water Operator; Operation of Small Drinking Water Systems; and Treating and Distributing Safe Drinking Water. In cooperation with the Ministry, the Centre is revising the Entry-Level Drinking Water Operator course and developing the 2015–17 version of the mandatory certificate renewal course.

Standard of Care Training

The Centre continued to deliver the course, Standard of Care — Safe Drinking Water Act, throughout 2013–14. This course helps municipal officials, councillors and decision-makers understand their obligations under the Safe Drinking Water Act, 2002. This course is being redeveloped in cooperation with the Ministry.

Small Systems Training

Small Systems Workshops, geared especially to the owners and operators of small drinking water systems, attracted 105 participants to the Centre on October 23 and 24, 2013. The Ontario Water Works Association co-hosted these events, which featured six training modules that focussed on operating and maintaining small drinking water systems. The Centre also continued to deliver the course, Practical Training for Small Drinking Water System Owners and Operators, to small systems regulated under Ontario Regulation 170/03 made under the Safe Drinking Water Act, 2002, or Ontario Regulation 319/08 made under the Health Protection and Promotion Act.

Mobile Training Unit

The Centre's Mobile Training Unit is a training delivery method that reduces travel costs for drinking water system owners/municipalities and enables operators to remain in their community while they participate in training. During 2013–14, the Centre and Confederation College entered into a new agreement for the college to operate the Mobile Training Unit on behalf of the Centre. The Mobile Training Unit delivered training to 30 participants in small and remote communities in Northern Ontario.

Maintenancefest

During 2013–14, four regional Maintenancefest events trained 219 participants in Barrie, Kingston, Niagara Falls (in conjunction with the 19th Aboriginal Water and Wastewater Association of Ontario Annual General Assembly & Training Conference) and Thunder Bay (in conjunction with Northwestern Ontario Water & Wastewater Conference). The Centre held the third annual Maintenancefest in August 2013. Maintenancefest is a unique training experience, offering a variety of hands-on training modules led by drinking water experts.

Drinking Water Quality Management Standard Workshops

The Centre, the Ministry and the Municipal Water and Wastewater Regulatory Committee — a free forum for employees of system owners and operating authorities to discuss compliance with respect to water and wastewater systems — delivered Drinking Water Quality Management Standard workshops in Timmins and Thunder Bay in April 2013. The two-day workshops acted as a follow-up to the existing Drinking Water Quality Management Standard course by providing participants with an opportunity to gain insight from each other and invited experts. The workshops provided information on best practices related to internal auditing, external audits, continual improvement and integrating the drinking water quality management standard into day-to-day operations.

Participants working on an activity during the regional Maintenancefest event held in Thunder Bay in conjunction with the Northwestern Ontario Water & Wastewater Conference.

TABLE 1: TRAINING STATISTICS*

Course	Number Trained 2011–12	Number Trained 2012–13	Number Trained 2013–14	Three-year Cumulative Total
Entry-Level Drinking Water Operator	295	307	248	850
Safeguarding Drinking Water Quality (classroom)	650	–**	–**	650
Safeguarding Drinking Water Quality (correspondence)	128	–**	–**	128
Treating and Distributing Safe Drinking Water (classroom)	824	1,940	937	3,701
Treating and Distributing Safe Drinking Water (correspondence)	24	211	255	490
Operation of Small Drinking Water Systems (correspondence)	1,094	1,113	1,016	3,223
Operation of Small Drinking Water Systems (online)	360	462	433	1,255
Operation of Small Drinking Water Systems (classroom)	47	27	22	96
SUBTOTAL: MANDATORY COURSES	**3,422**	**4,060**	**2,911**	**10,393**
WCWC courses	2,487	2,288	1,895	6,670
Standard of Care – Safe Drinking Water Act	524	625	170	1,319
Municipal Drinking Water Licensing Program (classroom)	165	185	151	501
Northern Centre for Advanced Technology courses (online)	151	361	361	873
TOTAL	**6,749**	**7,519**	**5,488**	**19,756**

* Since its inception, the Centre has provided training to 48,585 participants.

** This table illustrates the transition from the mandatory certificate renewal course, Safeguarding Drinking Water Quality, to Treating and Distributing Safe Drinking Water, which the Centre launched on January 1, 2012. Operators require the mandatory courses to obtain or retain their certification.

GOAL 2

Lead Ontario in the demonstration of conventional and advanced drinking water technologies and use that capability as a platform for hands-on training.

The Objectives

Provide a practical hands-on training platform for students, operators and water professionals and serve as a resource regarding the variety of drinking water treatment and distribution technologies available.

The Outcomes

The Centre's training programs include a number of WCWC courses and events that incorporate hands-on instruction. These continue to be very successful. The Centre delivered 50.13 hands-on training days during 2013–14, which exceeds the target of 49 hands-on training days.

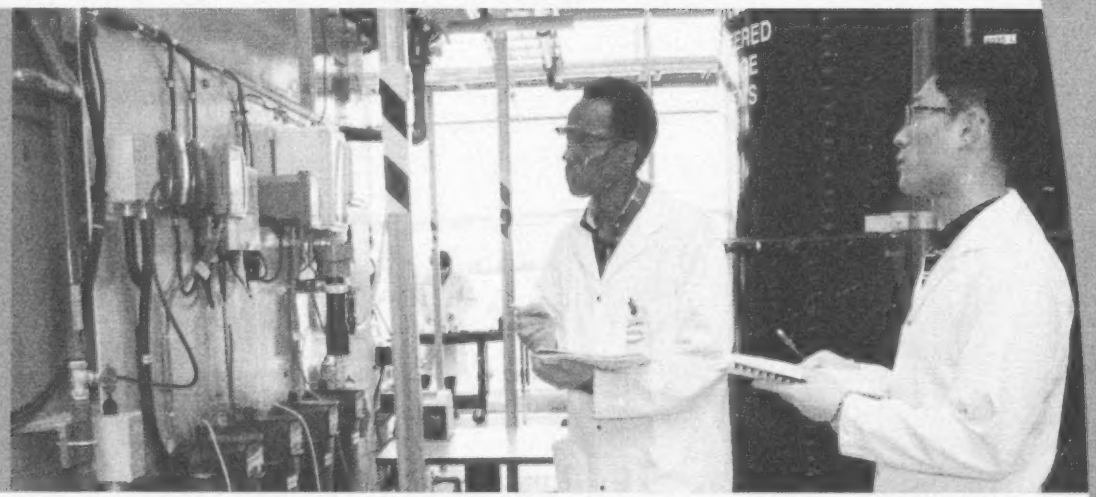
The number of hands-on training days includes hands-on training delivered to postsecondary students. During 2013–14, the Centre delivered hands-on training to 82 students from seven colleges that have agreements with the Ministry to deliver the Entry-Level Drinking Water Operator course as part of their curriculum. Students from the University of Western Ontario also received hands-on training.

105 PARTICIPANTS ATTENDED TWO SMALL SYSTEMS WORKSHOPS THAT PROVIDED HANDS-ON TRAINING FOR THE OWNERS AND OPERATORS OF SMALL DRINKING WATER SYSTEMS

The Centre continues to update the Technology Demonstration Facility with technologies used for drinking water treatment and distribution. During 2013–14, the Centre installed a reverse osmosis/nanofiltration system in the Technology Demonstration Facility.

The reverse osmosis/nanofiltration unit has three interchangeable membrane units, a five-micron cartridge filter as pre-treatment, and flow/pressure measurement instruments. This unit provides new opportunities for research, education and hands-on training.

Students from Centennial College of Applied Arts and Technology work on a hands-on training activity in the Technology Demonstration Facility.



GOAL 3

Become a leader in providing information and transferring knowledge on cost-effective solutions for small drinking water systems. Assess research gaps and needs, advise the Ministry on research priorities, and respond to the resulting direction from the Minister. Sponsor research into activities related to the Centre's objects.

The Objectives

Transfer information to owners, operators and operating authorities of Ontario's drinking water systems. Apply research results to the Centre's training programs, including those geared toward small systems. Make the Technology Demonstration Facility available for research and provide professional technical assistance. Complete research that supports the Centre's mandate and monitor ongoing projects.

The Outcomes

During 2013–14, the Centre produced 11 research publications, including internal research reports, refereed publications and external presentations. This exceeds the target of eight published research projects. Details on these projects are available on the Centre's website: **wcwc.ca/en/research/projects-publications/**.

An outline of each publication follows:

- Biofiltration as a Pretreatment to Control Low Pressure Membrane Fouling During Drinking Water Treatment. This research paper was presented at the Ontario Water Works Association/Ontario Municipal Water Association Joint Annual Conference and Ontario Water Works Equipment Association Trade Show in Ottawa, Ontario in May 2013.

Members of the Research Advisory Committee pictured with Acting Chief Executive Officer Souleymane Ndiongue.

Back row, left to right: Souleymane Ndiongue, Ron Hofmann. Front row, left to right: Xiaohui Jin, Victoria Colling, Ralph Stanley, Susan Weir, Stephen Burns, James Phippen, Bill Dukes. Absent from the photo are Paul Otis and Usha Srinivasan.

- Blue-Green Algae Treatment Challenges: A Large, Small and Household Drinking Water Perspective. The Centre presented this research paper at the 2014 Clean and Safe Drinking Water Workshop in Gander, Newfoundland in March 2014.
- Challenges to Treat Cyanotoxins from Drinking Water on a Large, Small and Household Scale. The Centre presented this research paper at the American Water Works Association Annual Conference & Exposition in Denver, Colorado in June 2013.
- Challenges to Treat Cyanotoxins from Drinking Water on a Large, Small and Household Scale. The Centre presented this research paper at the Ontario Water Works Association/ Ontario Municipal Water Association Joint Annual Conference and Ontario Water Works Equipment Association Trade Show in Ottawa, Ontario in May 2013.
- Evaluation of Slow Sand Filtration, Conventional Treatment, and Dissolved Air Flotation: A Comparative Study. The Centre presented this research paper at the 49th Central Canadian Symposium on Water Quality Research & Canadian Wastewater Management Conference in Niagara-on-the-Lake, Ontario in March 2014.
- Low-pressure Membrane Fouling Minimization with Biofiltration Pretreatment during Drinking Water Treatment. This research paper was presented at the 7th International Water Association Specialised Membrane Technology Conference and Exhibition for Water and Wastewater Treatment and Reuse in Toronto, Ontario in August 2013.
- Monitoring Cyanobacteria and Cyanotoxins in Two Inland Lakes. The Centre presented this research paper on an environmental issue related to drinking water at the 28th Eastern Canadian Symposium on Water Quality Research in Kingston, Ontario in October 2013.
- Reduction of Iron and Manganese and Evaluation of Alternate Media. The Centre completed this interim draft report in October 2013.
- Removal of Cyanobacteria and Cyanotoxins by Treatment Processes Used in Very Small Drinking Water Systems. Ontario Pipeline published this research paper in the spring 2014 edition (Vol 10 No 1).
- Research & Technology Institute Research Priorities. The Centre completed this internal report in July 2013.
- Treatment Options for the Cyanobacterial Neurotoxin Anatoxin-a: The Role of Activated Carbon Adsorption. This research paper was presented at the 49th Central Canadian Symposium on Water Quality Research & Canadian Wastewater Management Conference in Niagara-on-the-Lake, Ontario in March 2014.

Ongoing Research

The Research Advisory Committee — made up of Centre staff and individuals who participate voluntarily and provide expertise in water research and small and large water utility operations — identified, evaluated and prioritized gaps in drinking water research and reviewed the Centre's annual research plan regarding proposed and ongoing research. Ongoing research projects and proposals include:

- **Biofiltration**: This research project concentrates on pilot-scale testing of biofiltration as a pre-treatment to ceramic membranes. The Centre is supporting researchers from the University of Waterloo who are leading this project. The Ontario Research Fund Water Round program funded this project in 2011.
- **Iron and Manganese Treatment Options**: This research project is exploring treatment options for iron and manganese removal and sequestering from low turbidity/ organics water. The objectives of this research project are to evaluate the performance of different technologies in removing iron and manganese and improving the overall treated water quality from a groundwater under direct influence of surface water (GUDI) water source with low levels of turbidity and organics.
- **Lake Rosalind and Marl Lakes Study**: This project aims to identify the effects of nutrient loading on cyanobacteria blooms, evaluate cyanobacterial impact on water quality and identify cyanotoxin levels in two local lakes that are prone to cyanobacteria blooms. The Centre is involved in the Surface Water Quality Committee in the Municipality of Brockton and contributes in-kind support to this project by measuring and monitoring water quality parameters. Involvement in this project addressing an environmental issue related to drinking water also contributes to the local community.
- **Quantitative Microbial Risk Assessment**: This literature review is assessing the susceptibility of viruses to disinfection and treatment processes in various water sources.
- **Side-by-side Technology Comparison, Phase Two**: This comparative study is investigating the performance of slow sand filtration, conventional treatment and dissolved air flotation regarding chemical usage, energy consumption and sludge production.
- **Slow Sand Filtration**: This research project investigates the formation of a biological active layer within the sand filter to define the criteria and methodology of effective maintenance cleaning and to identify water quality

- parameters that can indicate effective ripening. It also explores the effects of nutrient supplement addition on the performance of the slow sand filtration process and the mechanisms of the formation of the active biological layer.
- **Small Systems and Point-of-Use (POU)/Point-of-Entry (POE) Technology Assessment**: This research project is assessing the effectiveness and suitability of small drinking water treatment technologies for removal of cyanotoxins.
- **The Use of Hydrogen Peroxide for Disinfection**: This literature review is evaluating the use of hydrogen peroxide for disinfection and methods to measure hydrogen peroxide residual.

Sponsored Research

During 2013–14, the Centre awarded a grant to the Natural Sciences and Engineering Research Council of Canada Industrial Research Chair in Water Treatment at the University of Waterloo. The Centre is supporting a research theme related to developing strategies to deal with cyanotoxins. This research project is ongoing.

The Centre has also entered into a grant agreement with RES'EAU WaterNET research network. The Centre will sponsor the RES'EAU WaterNET research network, which is leading the second phase of a project to address the key questions that challenge small drinking water systems' owners, operators and operating authorities.

Awards

Xiaohui Jin, a Scientist at the Centre, received the American Water Works Association's Second Place 2013 Academic Achievement Award for the best Doctoral Dissertation. The award was presented at the American Water Works Association Annual Conference & Exposition in Denver, Colorado in June 2013.

Victoria Colling (née Hewlett), a Scientist at the Centre, received the Ontario Water Works Association Young Professional Fresh Ideas Award at the Ontario Water Works Association/ Ontario Municipal Water Association Joint Annual Conference and Ontario Water Works Equipment Association Trade Show in Ottawa, Ontario in May 2013. The presentation, Challenges to Treat Cyanotoxins from Drinking Water on a Large, Small and Household Scale, was co-authored by Larry Moore and Souleymane Ndiongue. Ms. Colling represented the Ontario Section of the American Water Works Association at the American Water Works Association Annual Conference & Exposition in Denver, Colorado in June 2013, where she was awarded second place in the annual Fresh Ideas Poster sessions.

GOAL 4

Manage the Centre's internal administrative and communications functions.

The Objectives

Achieve positive third-party audit and operational review results, with no significant weaknesses identified. Effectively manage the Centre's communications.

The Outcomes

During 2013–14, the Centre was subject to a third-party audit of its accounts and financial transactions, as well as an Ontario Public Service-led operational review. The Centre cooperated with the audit and review teams and provided all information requested. The operational review identified areas for improvement and an action plan to address these areas was developed in consultation with the Ministry. No significant weaknesses or risks were identified by the third-party audit or operational review.

Communications aim to raise the profile of the Centre in the local community and across the province. Advertisements promote the Centre to target audiences, including clients and stakeholders. The Centre updates website content on an ongoing basis to raise awareness about its programs. During 2013–14, there were 62,816 visits to the website.

Conferences and Events

During 2013–14, Centre staff attended a variety of conferences, trade shows and events — including all seven Ontario Water Works Association area conferences — to network with individuals in the drinking water sector and promote the Centre. Following is a partial list of the events attended:

- Ontario Water Works Association/ Ontario Municipal Water Association Joint Annual Conference and Ontario Water Works Equipment Association Trade Show, May 2013
- 2013 Association of Municipalities of Ontario Annual Conference & Trade Show, August 2013
- Canadian Water and Wastewater Association Annual Window on Ottawa, November 2013
- 2014 First Nations Water Symposium, March 2014

Sponsorships

The Centre sponsored a number of events related to drinking water, including:

- 60th Annual Ontario Small Urban Municipalities Conference & Trade Show, May 2013
- WaterWORKS/Grey Bruce Sustainability Network, April 2013
- Ontario Water Works Association/ Ontario Municipal Water Association Joint Annual Conference and Ontario Water Works Equipment Association Trade Show, May 2013
- Grey Bruce Children's Water Festival, September 2013

Participants work on a hands-on exercise during the course Performing Inspections and Maintenance of Fire Hydrants.

ADHERENCE TO GOVERNANCE, ACCOUNTABILITY AND OPERATIONS FRAMEWORKS

The Mission

The mission of the Centre is to safeguard drinking water for the people of Ontario as the leading centre for high-quality training, applied research and technology demonstration, in accordance with the following:

- all applicable acts and regulations, including Ontario Regulation 304/04 made under the Development Corporations Act
- the memorandum of understanding between the Minister and the Centre
- applicable Management Board of Cabinet directives
- the Centre's bylaw and policies
- other elements of an effective governance and accountability framework

The Approach

The Centre is aware of the parameters of its governance structure, which is vital to its operations. Equally important is the Centre's accountability to stakeholder groups and the people of Ontario. In 2013–14, the Centre developed a new three-year business plan and prepared its annual report in an accurate and timely manner in accordance with the Agency Establishment and Accountability Directive.

Professional Development and Continuous Learning

The Centre encourages professional development by providing ongoing learning and development opportunities for staff and the board of directors. Staff participated in a number of training programs, including: Diversity Competence for the Work and Service Environment; Privacy Basics — Focus on Privacy; Procurement and Contract Management; and Public Service of Ontario Act. Staff who work in the Technology Demonstration Facility also receive training as required. The board of directors participated in an agency board governance training session on November 5, 2013.

Accessibility Standards

The Centre continues to meet the requirements of Ontario Regulation 429/07, Accessibility Standards for Customer Service, made under the Accessibility for Ontarians with Disabilities Act, 2005. The Centre is a member of the Ministry's Accessibility Planning Working Group.

Continuity of Operations Plan

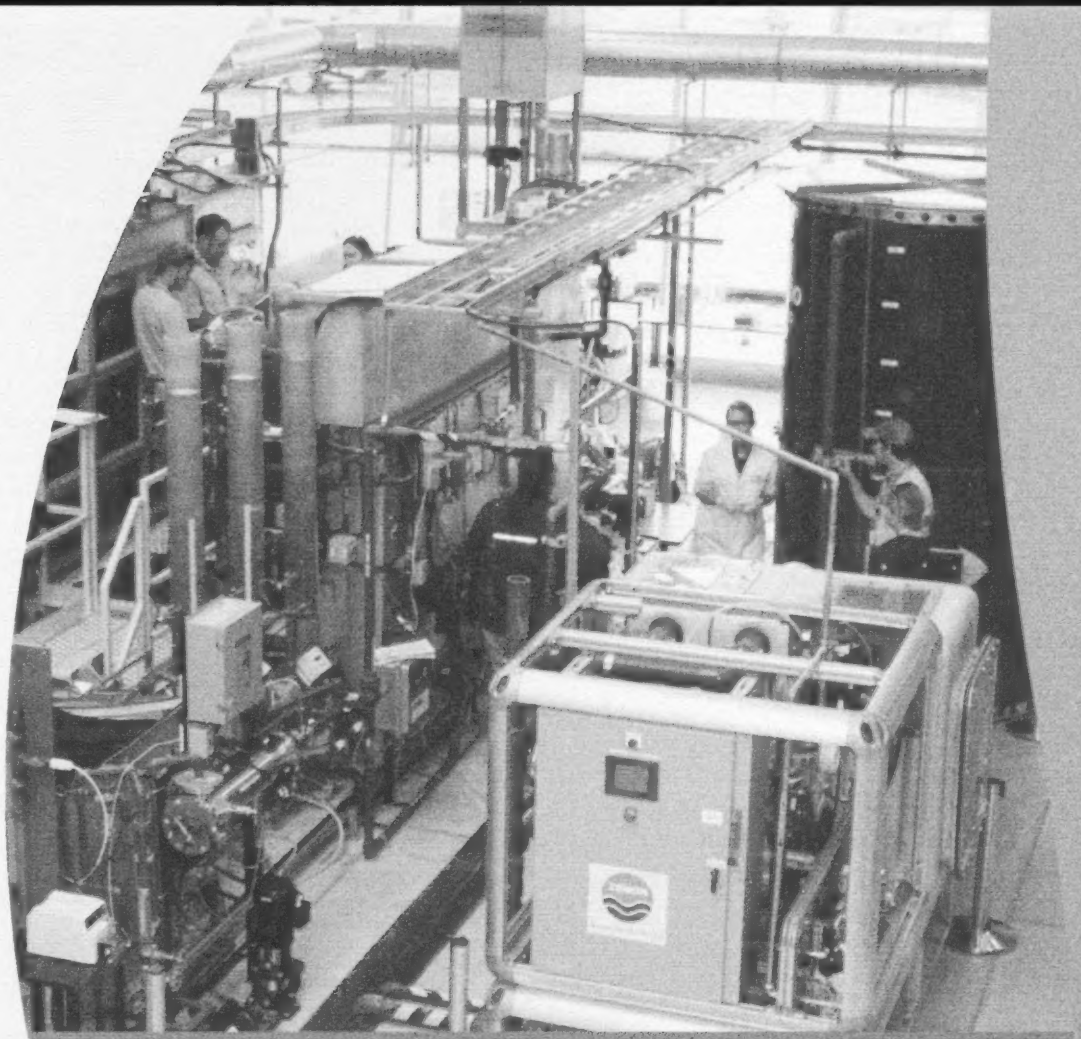
The Centre is a member of the Ministry's Continuity of Operations Planning Divisional Committee. The Centre's Continuity of Operations Plan Committee actively works to identify and manage risks and ensures that a Continuity of Operations Plan is prepared and submitted to the Ministry based on a scheduled deadline.

French Language Services Act

The Centre continued to enhance its delivery of French-language services and reports to the Office of Francophone Affairs when it enters into agreements with third parties who provide services to the public on its behalf.

Adherence to Government Appointees Directive

The total annual remuneration for all members of the board of directors was $10,925 during 2013–14.



Participants in the Technology Demonstration Facility during the third annual Maintenancefest.

LOOKING FORWARD

The Centre is committed to meeting the training needs of the owners, operators and operating authorities of Ontario's drinking water systems, as well as municipal councillors and decision-makers. The Centre will continue to make the best use of resources to fulfill its mission and deliver on its mandate.

Members of the Training Advisory Committee pictured with Acting Chief Executive Officer Souleymane Ndiongue.

Left to right: Leona Cunningham, Brian Gildner, Alex Vukosavljevic, Joanna Moffat, Souleymane Ndiongue, Yvonne Tindal, Mike Mortimer, Corinne Louther, Brian Jobb, Carolyn Vlielander-Marx, Lou D'Alessandro. Absent from the photo are Venkat Ramani, John Thompson and Gordon Van Fleet.

Ongoing and future initiatives include:

- Delivering drinking water education and training to owners, operators and operating authorities of drinking water systems, with a focus on small, remote and older systems.
- Maintaining a quality assurance index of greater than 0.85. A maximum score of 1.0 would indicate that 100 per cent of respondents rated the overall course, instructor and course content as good or excellent.
- Increasing the number of hands-on courses offered and creating hands-on components to add to existing courses.
- Developing new training and customized training plans to meet the training needs of drinking water systems' owners, operators and operating authorities across the province.
- Investigating new training delivery methods, including e-learning such as webinars and internet-based training. E-learning may result in savings for trainees due to the elimination of travel costs and it may minimize scheduling disruptions for small systems' operators.
- Increasing the number of individuals who visit the Technology Demonstration Facility for hands-on training and technical tours.
- Providing hands-on training to postsecondary students enrolled in Ontario colleges that provide the Ministry's mandatory Entry-Level Drinking Water Operator course.
- Disseminating information by presenting research papers at conferences and events.

23 HANDS-ON COURSES

WERE OFFERED

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

Senior management and the board of directors are responsible for the financial performance of the Centre. The board of directors reviews and approves the financial statements and all information presented in this annual report. The board of directors is also responsible for ensuring there is an annual external audit of the Centre's accounts and financial transactions. The annual audit is subject to review by the Auditor General of Ontario.

Finance and Audit Committee's Responsibilities

The board of directors Finance and Audit Committee receives and reviews the Centre's quarterly financial reports. The Total and Departmental Income Statement reports included provide complete revenue and expenditure variances, which the Centre's management team reviews.

The Finance and Audit Committee also plays a number of important roles in the audit process, including:

- Meeting with the Centre's management team and external auditor to review any issues that need to be identified in the upcoming audit.
- Reviewing the external auditor's evaluation of internal controls with management.
- Reviewing the completed reports issued by the external auditor.
- Reviewing management's response and subsequent follow up to any identified weaknesses.

External Audit

BDO Dunwoody LLP audited the Centre's 2013–14 financial statements. The chartered accountant's responsibility is to express an opinion on whether the financial statements are fairly presented in accordance with public sector accounting standards. The auditor's report outlines the scope of the firm's examination and opinion.

Financial Discussion

Revenue

The Centre continues to recover costs through course registration fees collected for training. During 2013–14, the Centre generated revenues of $1.48M in course registration fees, a 20 per cent decrease from 2012–13 fees of $1.86M. This is due to the decrease in the number of training participants. Investment income decreased from $.19M in 2012–13 to $.15M in 2013–14 primarily due to lower operating bank account balances because the Centre did not receive a transfer payment from the Government of Ontario in 2013–14.

Expenditures

Total expenditures decreased by 17.5 per cent from 2012–13 to 2013–14, primarily due to reduced training volume. Salary and benefit costs decreased marginally by 3.1 per cent as a result of stabilized staffing levels during the year. Other operational expenditures decreased by 29 per cent in 2013–14, reflecting the reduced training volume and spending controls and practices regarding travel, advertising and office expenses.

Balance Sheet

The Centre reports a strong net current asset balance of $7.1M, with cash and GIC investments of $7.5M. The net asset balance decreased from $11.9M on March 31, 2013 to $8.8M on March 31, 2014, primarily due to a zero transfer payment from the Government of Ontario in 2013–14. The net asset base will enable the Centre to contribute to drinking water training and research in Ontario.

INDEPENDENT AUDITOR'S REPORT

BDO Canada LLP
121 Jackson Street
PO Box 760
Walkerton ON N0G 2V0 Canada
Tel: 519 881 1211
Fax: 519 881 3530
www.bdo.ca

To the Members of Walkerton Clean Water Centre

We have audited the accompanying financial statements of the Walkerton Clean Water Centre, which comprise the statement of financial position as at March 31, 2014 and the statements of changes in net assets, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards for government not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Walkerton Clean Water Centre as at March 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards for government not-for-profit organizations.

Other Matters

The financial statements of Walkerton Clean Water Centre for the year ended March 31, 2013, were audited by another auditor who expressed an unmodified opinion on those statements on June 7, 2013.

"BDO CANADA LLP"
Chartered Accountants, Licensed Public Accountants
Walkerton, Ontario
June 12, 2014

STATEMENT OF FINANCIAL POSITION

March 31	2014	2013
Assets		
Current		
Cash	$2,303,763	$3,567,917
Current portion of investments	5,179,480	2,006,205
Accounts receivable	106,009	187,039
Prepaid expenses	52,821	59,976
	7,642,073	5,821,137
Investments (Note 3)	–	5,074,476
Capital assets (Note 4)	1,169,300	1,388,574
Other assets (Note 5)	571,657	578,285
	$9,383,030	$12,862,472
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	$249,002	$730,267
Deferred revenue	296,073	238,496
	545,075	968,763
Commitments (Note 9)		
Net Assets	8,837,955	11,893,709
	$9,383,030	$12,862,472

On behalf of the Board:

Director Director

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN NET ASSETS

For the year ended March 31	2014 Total	2013 Total
Balance, beginning of year	$11,893,709	$12,715,426
Deficiency of revenue over expenses for the year	(3,055,754)	(821,717)
Balance, end of year	**$8,837,955**	$11,893,709

STATEMENT OF OPERATIONS

For the year ended March 31	2014	2013
Revenue (Page 39)	$1,478,115	$4,858,812
Expenses (Page 39)	4,705,242	5,729,229
Deficiency of revenue over expenses before other interest and other income	(3,227,127)	(870,417)
Interest and other income	190,253	218,163
Loss on disposal of capital assets and impairment of curriculum rights	(18,880)	(169,463)
Deficiency of revenue over expenses for the year	$(3,055,754)	$(821,717)

SCHEDULE OF REVENUE AND EXPENSES

For the year ended March 31	2014	2013
Revenue		
Province of Ontario transfer payment (Note 6)	$–	$3,000,000
Training registrations	1,478,115	1,860,582
	$1,478,115	$4,860,582
Expenses		
Advertising and promotion	$54,715	$119,208
Amortization	289,227	339,872
Audit and legal	16,310	14,200
Bad debts	109	–
Bank charges	7,131	1,782
College and university support	–	38,500
Conferences	29,691	33,925
Consulting services	30,125	20,479
Director fees	10,925	10,175
Employee benefits	462,203	442,114
Insurance	29,442	32,316
Office	156,042	215,208
Ontario Realty Corporation construction payments	–	64,837
Professional development	22,402	18,999
Property maintenance	702	11,506
Rent	571,775	729,895
Repairs and maintenance	24,533	37,969
Research projects	66,251	65,068
Salaries	2,081,097	2,183,525
Sponsorships	19,000	37,860
Subscriptions and memberships	17,371	18,510
Telephone	31,146	34,263
Training	575,684	1,019,854
Travel	64,529	103,321
Vehicle	32,141	44,924
Website and communications	112,691	90,919
	$4,705,242	$5,729,229

STATEMENT OF CASH FLOWS

For the year ended March 31	2014	2013
Net inflow (outflow) of cash related to the following activities:		
Operating		
Deficiency of revenue over expenses	(3,055,754)	(821,717)
Items not involving cash:		
Amortization of capital assets	289,227	339,872
Loss on disposal of capital assets	–	4,955
Impairment of curriculum rights	18,880	164,508
	(2,747,647)	(312,382)
Changes in non-cash working capital balances (Note 8)	(335,503)	(2,704,072)
	(3,083,150)	(3,016,454)
Investing		
Purchase of investments and interest reinvested	(105,004)	(7,080,681)
Redemption of investments	2,006,205	–
	1,901,201	(7,080,681)
Capital		
Acquisition of capital assets	(69,953)	(117,898)
Acquisition of curriculum rights	(12,252)	–
	(82,205)	(117,898)
Net decrease in cash during the year	(1,264,154)	(10,215,033)
Cash, beginning of year	3,567,917	13,782,950
Cash, end of year	$2,303,763	$3,567,917

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

1. Summary of Significant Accounting Policies

Nature and Purpose of Organization

The Walkerton Clean Water Centre is an operational service agency of the Province of Ontario and was established on October 1, 2004 under the authority of The Development Corporation Act.

In accordance with the act, the Centre's objectives are to:

a) Coordinate and deliver training for drinking water system owners, operators and operating authorities.

b) Provide advice to the Minister of the Environment on high-priority research to achieve safe drinking water.

c) Sponsor drinking water research within the Centre's mandate.

d) Make technical, scientific and regulatory information related to making safe drinking water more readily available including information about the statutory standard of care.

The Centre is exempt from Federal and Provincial income taxes.

Basis of Presentation

The financial statements of the Centre have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards, as issued by the Public Sector Accounting Board (PSAB for Government NPOs).

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, bank balances and guaranteed investment certificates with a duration of less than 90 days from the date of acquisition.

Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at the estimated fair market value upon donation.

Amortization is based on the estimated useful life of the asset and is calculated with a half year provision as follows:

Computer equipment	-	33% declining balance
Computer software	-	50% declining balance
Leasehold improvements	-	20% declining balance
Office furniture and equipment	-	20% declining balance
Signs	-	20% declining balance
Technical equipment	-	20% declining balance
Vehicle	-	20% declining balance

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

Other Assets

Curriculum rights are recorded at cost. Since they have an unlimited useful life, the rights have not been amortized. When an intangible asset no longer has any long-term service potential to the organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Annually the curriculum rights are reviewed to determine the service potential.

Revenue Recognition

Transfer payments are recognized when the amount is known and collectability is reasonably assured. Revenue from training registrations is recognized when payment is receivable and the course has been completed. Interest revenue is recognized as it is earned over the period of investment. Donation revenue is recognized once the Centre has possession of the goods donated.

Financial Instruments

The Centre classifies its financial instruments as either fair value or amortized cost. The Centre's accounting policy for each category is as follows:

Fair Value

The category includes cash and equity instruments that are quoted in an active market. They are initially recognized at cost and subsequently carried at fair value. Changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations.

Transaction costs related to financial instruments in the fair value category are expensed as incurred.

When a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and losses and recognized in the statement of operations. On sale, the amount held in accumulated remeasurement gains and losses associated with that instrument is removed from net assets and recognized in the statement of operations.

Amortized Cost

This category includes accounts receivable, and accounts payable and accrued liabilities. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument.

Writedowns on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the writedown being recognized in the statement of operations.

Use of Estimates

The preparation of financial statements in conformity with PSAB for Government NPOs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Areas of key estimation include determination of the allowance for doubtful accounts, estimated useful life of capital assets, and impairment of curriculum rights.

2. **Financial Instrument Classification**

The following table provides cost and fair information of financial instruments by category. The maximum exposure to credit risk would be the carrying value as shown below.

			2014	2013
	Fair Value	Cost	Amortized Total	Total
Cash	2,303,763	–	$2,303,763	$3,567,917
Investments (Note 3)	5,179,480	–	5,179,480	7,080,681
Accounts receivable	–	106,009	106,009	187,039
Accounts payable	–	(249,002)	(249,002)	(730,267)
	7,483,243	(142,993)	7,340,250	$10,105,370

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which their fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities using the latest bid price;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that includes inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

March 31, 2014	Level 1	Level 2	Level 3	Total
Cash	$2,303,763	$–	$–	$2,303,763
Investments	5,179,480	–	–	5,179,480
Total	$7,483,243	$–	$–	$7,483,243

There were no transfers between Level 1 and Level 2 for the years ended March 31, 2014 and March 31, 2013. There were also no transfers in or out of Level 3.

3. **Investments**

	2014	2013
Bank of Nova Scotia GIC, 2.15%, due June 2014	$4,156,690	$4,070,680
Bank of Nova Scotia GIC, 1.9%, due January 2015	1,022,790	1,003,796
Bank of Nova Scotia GIC	–	2,006,205
	5,179,480	7,080,681
Less amounts due within one year included in current assets	5,179,480	2,006,205
	$–	$5,074,476

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

4. Capital Assets

	2014		2013	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	$128,407	$113,085	$119,682	$107,687
Computer software	46,870	40,996	43,086	37,013
Leasehold improvements	47,715	29,650	47,715	25,133
Office furniture and equipment	348,593	236,477	336,773	209,925
Signs	51,041	34,296	51,041	30,110
Technical equipment	2,898,639	1,936,771	2,853,014	1,702,007
Vehicle	54,598	15,288	54,598	5,460
	$3,575,863	$2,406,563	$3,505,909	$2,117,335
Net book value		$1,169,300		$1,388,574

5. Other Assets

	2014	2013
Curriculum rights, at cost	$571,657	$578,285

During the year, curriculum rights were purchased in the amount of $12,252 (2013 $nil). Curriculum rights totaling $18,880 (2013 $164,508) for assets no longer in use have been removed from the cost base of the asset.

6. Transfer Payments

During the year, the Centre received $nil (2013 $3,000,000) in transfer payments from the Province of Ontario.

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

1. **Pension Plan**

   The Centre provides pension benefits for all its full-time employees through participation in the Public Service Pension Plan which is a multi-employer defined benefit pension plan administered by the Ontario Pension Board. This plan is accounted for as defined contribution plan, as the Centre has insufficient information to apply defined benefit accounting to the plan. The Centre's contribution related to the pension plan for the period was $143,496 (2013 $155,117) and is included in employee benefits in the statement of revenue and expenditures.

2. **Statement of Cash Flows**

   The change in non-cash working capital balances is made up as follows:

	2014	2013
Accounts receivable	$81,030	$149,251
Prepaid expenses	7,155	(1,059)
Accounts payable and accrued liabilities	(481,265)	223,877
Deferred revenue	57,577	(3,076,141)
	$(335,503)	$(2,704,072)

3. **Commitments**

   Walkerton Clean Water Centre has entered into three vehicle operating leases. These leases end in April, June and July of 2016. Monthly payments are $454, $386 and $842 respectively.

   The minimum annual lease payments on the vehicles for the next three years are as follows:

   2015 $20,187

   2016 $20,187

   2017 $4,140

   The Centre is currently negotiating a long-term lease with the Ontario Realty Corporation. As of the report date, no contract has been signed or agreed upon.

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

1. Financial Instrument Risk Management

Credit Risk

Credit risk is the risk of financial loss to the Centre if a debtor fails to make payments of interest and principal when due. The Centre is exposed to this risk relating to its cash and accounts receivable. The Centre holds its cash accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. In the event of default, the Walkerton Clean Water Centre cash accounts are insured up to $100,000 (2013 $100,000).

The maximum exposure to investment credit risk is outlined in Note 2.

The Centre measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up based on the Centre's historical experience regarding collections. The amounts outstanding at year end were as follows:

	Total	Current	31-61 days	61-90 days	90 + days
Trade receivables	$81,000	$58,651	$13,084	$4,428	$4,837
Other	25,009	25,009	–	–	–
Gross receivables	106,009	83,660	13,084	4,428	4,837
Less: impairment allowances	–	–	–	–	–
Net receivables	$106,009	$83,660	$13,084	$4,428	$4,837

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: interest rate risk, currency risk, and equity risk. The Centre is not exposed to significant currency risk or equity risk as it does not transact materially in foreign currency or hold significant equity financial instruments.

Interest Rate Risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates.

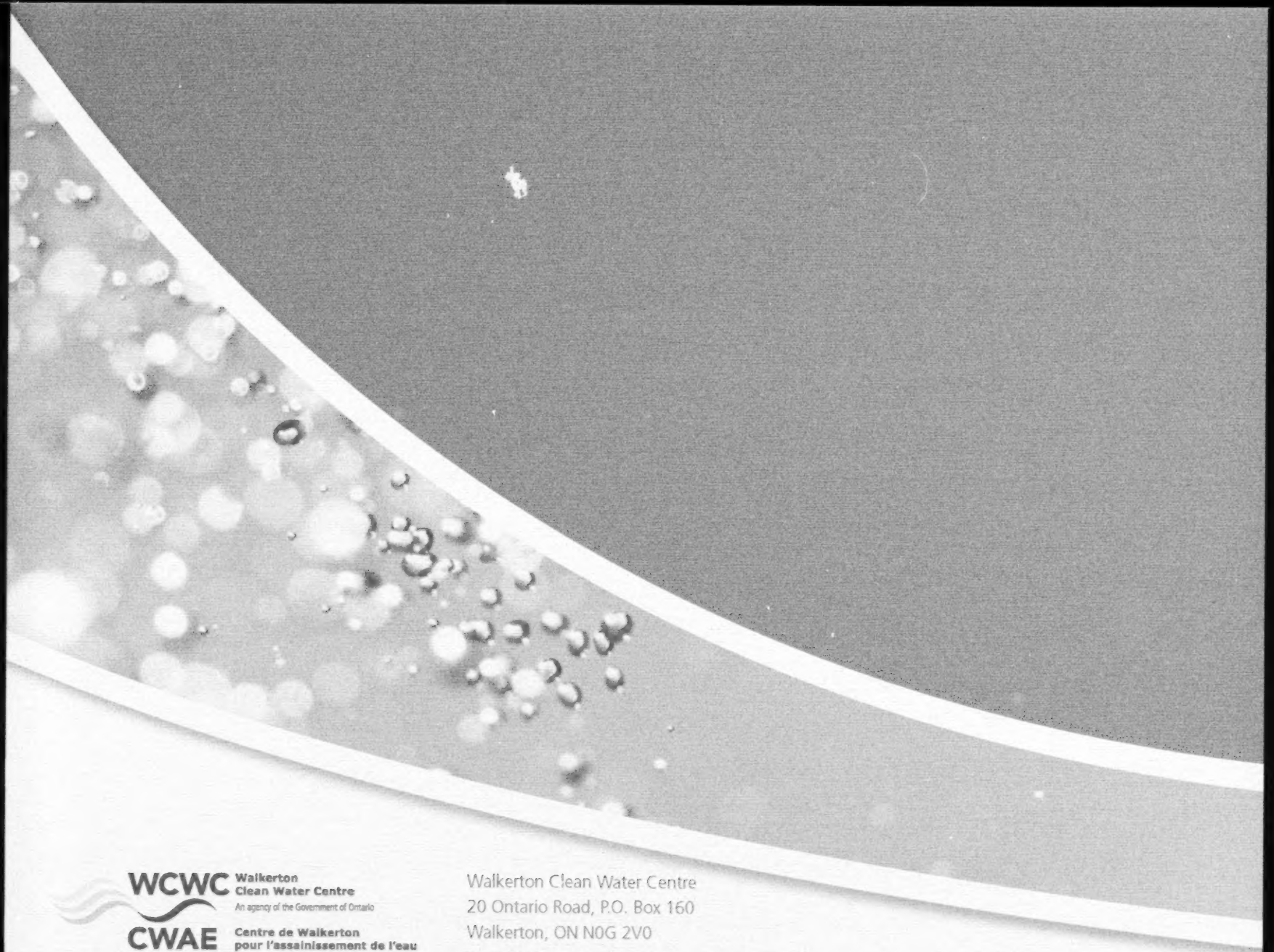
The Centre is exposed to this risk through its interest bearing investments.

Liquidity Risk

Liquidity risk is the risk that the Centre will not be able to meet all cash outflow obligations as they come due. The Centre mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash outflows arise. The following table sets out the contractual maturities (representing undiscounted contractual cash-flow of financial liabilities):

	Within 6 months	6 months to 1 year	1-5 years	> 5 years
Accounts payable	$249,002	$–	$–	$–

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.



WCWC Walkerton Clean Water Centre
An agency of the Government of Ontario

CWAE Centre de Walkerton pour l'assainissement de l'eau
Un organisme du gouvernement de l'Ontario

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